ARTHUR ANDERSEN

ECONOMIC IMPACTS OF CASINO GAMING IN THE UNITED STATES

Volume 2: Micro Study

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PREPARED BY: ARTHUR ANDERSEN
FOR: AMERICAN GAMING ASSOCIATION
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Executive Summary

Expansion into new jurisdictions fueled the explosive growth of the gaming-entertainment industry in the early 1990s, and the new casinos that resulted from that growth have meant significant economic benefits for dozens of communities across the nation.

Purpose And Scope Of Study

In a separate study, Arthur Andersen analyzed the macro-economic impacts of the casino gaming industry at the national level.¹

In this micro study, we have selected three geographically-separate areas, all newer gaming jurisdictions, in order to examine the local micro-economic impacts arising from the introduction of casino gaming. The information in this study was gathered from the most recent data available.

Our goal in the selection process was to select areas which are representative of the newer jurisdictions in terms of customer type, operators, tax rates and gaming experience. We also selected locations with adequate gaming history. The areas chosen for our evaluation were Shreveport/Bossier City, La; Biloxi/Gulfport, Miss.; and Joliet, Ill. The following exhibit indicates where each is located.

Exhibit 1  Selected Locations

![Selected Locations Map]

Our evaluation of each location includes:

• Background on the scope and nature of gaming in each selected jurisdiction;

• Analysis of gaming’s direct impact on the selected jurisdiction, including number of jobs, amount of wages and amount of gaming taxes; and

• Analysis of key regional economic indicators (such as total employment, employment income by industry, taxes, local business activity and spending) in the selected areas. Data and indicators from both cities and counties were analyzed.

¹ Arthur Andersen, Economic Impacts Of Casino Gaming In The United States, Volume 1: Macro Study, 1996.
Our micro study focuses on how these indicators have changed over time, drawing attention to significant changes in the indicators before and after casino gaming was introduced. Since gaming undoubtedly changes a local community in many ways, some of which cannot be quantified, we have added qualitative information obtained through interviews with local government officials, business owners and casino operators.

We have not addressed in this study the increase in costs for such things as infrastructure improvements and law enforcement. Our review of other studies indicates that such costs do not exceed those which are incurred with the introduction of any new industry or tourist attraction.

In addition, this study makes no attempt to analyze the socioeconomic effects of casino gaming, because such effects are largely based on anecdotal evidence, and credible and verifiable data on those effects do not exist. We did not attempt primary research, because such effects, both positive and negative, are particularly difficult to quantify.

Finally, although Native American casinos operate near Shreveport/Bossier City and Biloxi/Gulfport, their direct effects on these local economies have not been considered in this study, as revenue and other financial data are not readily available.

**Background**

All three of the regions we selected for the study are typical of gaming jurisdictions outside Nevada or New Jersey in that they are located in smaller population areas near to major population centers. Casinos have been operating long enough in each of the regions to provide an accurate picture of the economic impact.

**Shreveport/Bossier City, Louisiana** opened its first casino in April of 1994 and has since seen a steady increase in revenues from $170 million in 1994 to $482 million in 1996. There are four gaming facilities in this region: Harrah’s Shreveport Star, Isle of Capri-Bossier City, Horseshoe Bossier City and Casino Magic. In November of 1996, voters in Caddo (Shreveport) and Bossier Counties voted by 71 percent and 69 percent, respectively, to retain riverboat gaming.

**Biloxi/Gulfport, Mississippi** opened its first casino in August of 1992. The area has a history as a tourist attraction, and the new casinos have enhanced the area’s tourist appeal. Approximately 77 percent of all tourists who came to the region in 1995 visited a casino. Casino revenues reached $654 million in 1996, up from $606 million in 1995. There are 10 gaming facilities in the region: Isle of Capri, President Casino, Lady Luck, Grand Casinos (Gulfport), Casino Magic, Copa Casino, Grand Casinos (Biloxi), Palace Casino, Treasure Bay and Boomtown Biloxi.

**Joliet, Illinois** opened its first casino in June of 1992. The area, which had been economically depressed throughout the 1980s, has made a strong recovery since then. Casino revenues were $349 million in 1996, down from $404 million in 1995. Casino revenues have leveled off in Joliet due to competition from new riverboat casinos across the border in Indiana. There are two gaming complexes in the area: Harrah’s Joliet Casino and the Empress Casino Joliet.

**Overall Conclusions**

Casino gaming has had a significant positive economic impact in the three regions studied, a finding that is generally consistent with economic reports from other new casino jurisdictions. Among the findings common to all three jurisdictions were:
• Thousands of new jobs were created which provide good wages and full benefits.
• A high percentage of jobs are held by minorities and women.
• For every $1 paid in wages, the three jurisdictions pay another 60 cents in state and local taxes when averaged together.
• The hundreds of millions of dollars in tax revenues that casinos pay to cities and states each year are helping to lower taxes and pay for many basic civic needs.
• The introduction of casinos leads to growth in almost all other areas: retail sales, commercial and housing construction, restaurants, etc.
• The number of people on public assistance (welfare roles, Aid to Families with Dependent Children [AFDC] and unemployment) drops significantly.

Specific Findings

Employment
All three jurisdictions saw the creation of thousands of good-paying new jobs. Casinos also employ a larger proportion of minorities and women than do other employers in their region.

Shreveport/Bossier City, Louisiana
• More than one-half (5,100) of the 10,000 new jobs created in the area between 1993 and 1994 were created by the opening of casinos.
• Casinos paid $115 million in 1995 wages.
• Casino employees took home an average salary of $22,500 in 1995.
• Most jobs go to minorities: 59 percent of the 1,800 employees at the Isle of Capri-Bossier City, 52 percent of the 1,900 Horseshoe Casino & Hotel employees and 58 percent of the Harrah’s Shreveport Casino’s 1,450 employees were African-American or other minorities in 1995. Minorities held only 38 percent of the jobs in the Metropolitan Statistical Area (MSA) that year.
• In 1995, women held 58 percent of the jobs at the Isle of Capri-Bossier City, 54 percent at Horseshoe Casino & Hotel and 56 percent at Harrah’s Shreveport. They held 53 percent of the jobs in the MSA.

Biloxi/Gulfport, Mississippi
• Sixty-two percent (11,200) of the 18,100 new jobs in the area since 1990 were created by casinos.
• Casinos paid $240 million in 1995 wages.
• The average casino employee salary was $22,000 in 1995.
• Thirteen percent of the area’s total jobs in 1995 were casino jobs.
• In 1996, approximately 35 percent of those employed by the 10 casinos in the area were minorities. Minorities held only 22 percent of the jobs in the area.
• Women held approximately 60 percent of the area’s casino jobs in 1996. They held only 47 percent of the area’s jobs.

Joliet, Illinois
• Almost 20 percent (4,000) of the new jobs created in Joliet between 1990 and 1994 were created by casinos.
• Casinos paid $103 million in 1995 wages.
• The average casino employee salary was $26,000 in 1995.
• In 1995, 21 percent of the employees at the two Joliet casinos were African-American or other minorities, and approximately 58 percent were women. This compares to minority and women employment data of 18 and 50 percent, respectively, for the MSA.
**Taxes**
A significant portion of casino gross revenues are paid in state and local taxes. In fact, on average for the three areas studied, the tax-to-wage ratio was 60 cents paid in state and local taxes for every $1 paid in wages. Those revenues have become an important part of the budgets for the cities we studied. Tax funds have gone to pay for many needed community services and facilities, and they have helped lower other city taxes as well.

**Shreveport/Bossier City, Louisiana**
- Casinos paid $104 million in 1995 state and local taxes.
- Casinos paid more than 90 cents in state and local taxes for every $1 of wages paid in 1995.
- Bossier City’s total city revenues have doubled in the past three years, while sales tax rates did not change and property tax rates decreased.
- Sales tax revenues increased in Bossier City in 1994 and 1995 by 24 percent and 11 percent, respectively.
- In Shreveport, gaming taxes provide capital improvement funds for the “Riverfront Development.”
- Bossier City maintains its gaming tax revenues in a special fund to be used for “capital and other undetermined projects.”

**Biloxi/Gulfport, Mississippi**
- Casinos paid $76 million in 1996 in state and local gaming taxes, up from $68 million in 1995.
- Casinos paid $81 million in 1995 state and local taxes.
- Casinos paid more than 34 cents in state and local taxes for every $1 of wages paid in 1995.
- Twenty percent of Biloxi’s total tax revenues came from casinos in 1995.
- Harrison County’s retail tax collections, the county in which the casinos are located, rose from $79.1 million in 1992 to $130.3 million in 1995.
- Thirty percent of Biloxi’s gaming tax revenues goes to the public safety budget and another 30 percent goes to city and county schools.

**Joliet, Illinois**
- Casinos paid $82 million in 1996 in state and local gaming taxes.
- Casinos paid $94 million in 1995 state and local taxes.
- Casinos paid more than 91 cents in state and local taxes for every $1 of wages paid in 1995.
- The two casinos were the city’s third and fourth largest payers of property tax in 1995.
- Property tax revenues grew in 1992 and 1993 and have remained relatively constant since, while property tax rates have dropped.
- Casino tax revenues have helped raise Joliet’s bond rating and will help the city pay off its $50 million debt within five years.
- Gaming tax revenues go toward neighborhood development (29 percent); infrastructure development (26 percent); economic development (23 percent); and a variety of other educational, cultural, community and development projects.

**Public Assistance**
The number of people on public assistance (welfare roles, AFDC and unemployment) drops significantly in all three jurisdictions studied.

**Shreveport/Bossier City, Louisiana**
- AFDC payments dropped 14 percent in 1995 and 15 percent more in 1996.
- The number of food stamp recipients dropped by 15 percent in 1996.
Biloxi/Gulfport, Mississippi
- The number of AFDC recipients dropped more than nine percent in 1995 and 15 percent more in 1996.
- After increasing steadily for many years, the number of food stamp recipients has dropped each year since 1993.

Joliet, Illinois
- After a steady increase in the first five years of the decade, the number of AFDC recipients in Joliet has dropped by more than 14 percent since 1994.
- The number of food stamp recipients in Will County has also dropped 14 percent since 1993.
- Unemployment rates dropped from 12 percent in 1992 to nine percent in 1994.

Other Indicators
The introduction of casinos leads to growth in almost all other areas: retail sales, commercial and housing construction, restaurants, etc.

Shreveport/Bossier City, Louisiana
- In 1994, the year in which the casinos opened, retail sales in Shreveport and Bossier City increased by more than 10 percent, the highest growth rate in 11 years.
- There was a net increase of eight restaurants in Bossier City in 1995, and taxable restaurant sales, excluding restaurants in hotels and casinos, increased five percent in 1994 and seven percent in 1995.

Biloxi/Gulfport, Mississippi
- The combined value of commercial construction permits in 1991 and 1992 (before casinos) was $12 million. In the following three years (after casinos), the combined total was $447 million.
- From 1990 to 1995, the construction industry added almost 1,300 new jobs — an increase of 50 percent.
- Retail sales growth rates increased from an average of three percent a year from 1990 through 1992 to approximately 13 percent between 1993 and 1995.

Joliet, Illinois
- $121 million in commercial construction permits has been issued in the four years since casinos were introduced, compared with $81 million in the preceding four years.
- In 1995, new housing construction in Joliet was nearly triple that in 1991.
Introduction

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² Arthur Andersen, Economic Impacts Of Casino Gaming In The United States, Volume 1: Macro Study, 1996.
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**Growth Of Casino Gaming Industry**

In 1931, legislation was passed which allowed casino gaming in the state of Nevada. Cities such as Las Vegas and Reno have since flourished as vacation destinations. For 46 years, Nevada was the only state which allowed casino gaming. In 1976, voters in the state of New Jersey approved legislation allowing casino gaming in Atlantic City. Resorts International opened its doors in May 1978, bringing legalized casino gaming east of the Mississippi for the first time.

On Oct. 17, 1988, President Ronald Reagan signed into law the Indian Gaming Regulatory Act (IGRA). This federal legislation was designed to resolve a myriad of legal, political and regulatory issues regarding the operation of casinos by Native American tribes. Shortly after IGRA was enacted, Foxwoods Casino, the most successful of the Native American casinos, was opened by the Mashantucket Pequot tribe in Ledyard, Conn. Currently, approximately 150 Native American casinos are operating in the United States.

From 1989 to 1994, several states passed legislation authorizing “full scale” casino gaming. These laws primarily restricted gaming activities to riverboat and dockside venues rather than land-based facilities. During this period, gaming was authorized in Colorado, Illinois, Indiana, Iowa, Louisiana, Mississippi, Missouri and South Dakota. In general, these states regarded gaming as a means of economic stimulation and job creation and as an additional source of tax revenue. Through 1995, a total of 26 states had operating or approved casinos, either land-based, riverboat or on Native American reservations.3

*Exhibit 1.2* indicates the states in 1988 and 1995 with casino gaming (excluding Native American casinos).

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Exhibit I.2 Non-Native American Casino Gaming, 1988 Compared To 1995

Exhibit I.3 shows all states in which Native American gaming is currently present.

Exhibit I.3 Native American Casino Gaming, 1995

Our macro study found that, in 1995, the casino gaming industry reported between $22 and $25 billion in total revenues,\textsuperscript{4} approximately $16.3 billion of which was derived specifically from casino gaming activities. These revenues resulted in payments of an estimated $2.9 billion in taxes to federal, state and local governments and wages of an estimated $7.3 billion to approximately 284,000 people employed directly by casinos. These industry estimates exclude activity from Native American casinos, cruise ship casinos and certain non-casino slot machines, which had estimated casino gaming revenues of more than $6 billion.

Casino gaming revenues in the United States have experienced annual increases from 1986 through 1995, as shown in Exhibit I.4.

\textsuperscript{4} Since non-public gaming companies do not publicly report non-gaming revenues, Arthur Andersen estimated total non-gaming revenues to be in the range of $6 billion to $9 billion based on a review of certain public company information.
**Exhibit I.4 Casino Gaming Revenues, 1986-1995**

(in billions)


Growth has been achieved in large part by the significant expansion in new jurisdictions over the last five years. In 1990, three states allowed non-Native American casino gaming. By 1995, this number had risen to 10.\(^5\) *Exhibit I.5* compares the share of casino gaming revenues by jurisdiction in 1990 to 1995 and indicates that casino gaming revenues have doubled since 1990.

**Exhibit I.5 Casino Gaming Revenues (Excluding Native American) By State, 1990 Compared To 1995**

(in billions)

<table>
<thead>
<tr>
<th>State</th>
<th>1990 (in billions)</th>
<th>1995 (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevada</td>
<td>$5.1</td>
<td>$7.3</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$2.9</td>
<td>$3.7</td>
</tr>
<tr>
<td>Other</td>
<td>$0.1</td>
<td>$0.8</td>
</tr>
</tbody>
</table>

Sources: See Exhibit I.4 above.

From 1990 to 1995, the newer gaming jurisdictions experienced higher growth rates in casino gaming revenues than Nevada and New Jersey. During this period, casino gaming revenues in Nevada and New Jersey grew at annual rates of seven and five percent, respectively. The industry as a whole experienced growth in casino gaming revenues at an average annual rate of 15 percent.

\(^5\) As of November 1996, voters had approved legislation allowing gaming in the state of Michigan. We have not included in this report any description of or specific reference to this jurisdiction.
Shreveport/Bossier City, Louisiana

- Jobs, wages and taxes in 1995: 5,100 jobs, $115 million in wages, $104 million in state and local taxes
- Most jobs go to minorities; 59 percent of the 1,800 employees at the Isle of Capri-Bossier City, 58 percent of the Harrah’s Shreveport Casino’s 1,450 employees and 52 percent of Horseshoe Casino & Hotel’s 1,900 employees in 1995 were African-American or another racial minority. Minorities held only 38 percent of the jobs in the MSA that year.
- In 1995, women held 58 percent of the jobs at the Isle of Capri-Bossier City, 56 percent at Harrah’s Shreveport and 54 percent at Horseshoe Casino & Hotel. They held 53 percent of the jobs in the MSA.
- More people are working in the area than at any time in a decade.
- More than one-half of the 10,000 new jobs created in the area between 1993 and 1994 were created by the opening of casinos.
- Bossier City’s total city revenues have doubled in the past three years, while sales tax rates did not change and property tax rates decreased.
- In 1994, the year in which the casinos opened, retail sales in Shreveport and Bossier City increased by more than 10 percent, the highest growth rate in 11 years.
- There was a net increase of eight restaurants in Bossier City in 1995, and taxable restaurant sales, excluding restaurants in hotels and casinos, increased five percent in 1994 and seven percent in 1995.
- AFDC payments dropped 14 percent in 1995 and 15 percent more in 1996.
- The number of food stamp recipients dropped by 15 percent in 1996.

Background

Shreveport and Bossier City (collectively the “area”) are the largest cities in northwest Louisiana. These cities are separated by the Red River. Shreveport is the larger of the two cities and is located in Caddo Parish. Bossier City is located in Bossier Parish.

The cities are approximately 285 miles northwest of New Orleans and approximately 180 miles east of Dallas. Both cities can be accessed from Interstate 20, which runs east-west, and Interstate 49, which runs to the south and ends near Baton Rouge.

The area’s population is approximately 250,000 — 80 percent of whom live in Shreveport. The population of the two parishes in which the area is located is approximately 335,000. In 1995, the Shreveport/Bossier City MSA, which includes Bossier, Caddo and Webster Parishes, was ranked 127th in the country in terms of its population of 375,000 people.

While the gaming industry is significant to the area’s local economy, it is important to note the existence of several other major industries which have also contributed to the area’s recent economic improvements, particularly in the relatively larger Shreveport economy. Agriculture contributes nearly $65 million to the local economy each year. Several large manufacturers, including General Motors, have plants in the area. Manufacturing contributes approximately 20,000 jobs to the local economy. Bossier City is home to the Barksdale U.S. Air Force base, which employs approximately 8,500 people. Shreveport is a regional trade hub, with a large downtown banking and finance infrastructure. Several large distributors operate out of Shreveport as well. Tourism has become increasingly important to the area in recent years.

6 Shreveport-Bossier On-Line.
7 Ibid.
8 Center for Business Research, LSU-Shreveport, Database of Economic Indicators.
9 Shreveport-Bossier On-Line.
Casino gaming was authorized by the Louisiana state government in 1991. The legislation originally restricted gaming to riverboats only and permitted the operation of 15 riverboats throughout the state. At the end of 1995, 12 riverboat casinos were operating in the state. On Nov. 5, 1996, all parishes with riverboats voted to retain casino gaming. The majorities in Caddo (Shreveport) and Bossier Parishes were 71 and 69 percent, respectively.

Louisiana riverboats are limited to 30,000 square feet of gaming space per vessel, although multiple vessels may be located at a particular site. The riverboats in Shreveport/Bossier City are not required to cruise, although they must be able to cruise and must employ a full sailing crew.

Casino gaming in the area is now regulated by the Louisiana Gaming Board (the “Louisiana Board”). In May 1996, regulatory oversight of gaming operations in Louisiana, including riverboat gaming, was transferred to and vested in the Louisiana Board which consists of nine members appointed by the governor.

The state imposes a gaming tax of 18.5 percent on net gaming proceeds. In addition, there is an initial fee per vessel of $50,000, which increases to $100,000 for every subsequent year.

Taxes are also levied at the parish and city level. In Shreveport, the casino pays $2 and 50 cents per admitted patron to the city and the parish, respectively. In Bossier City, the two casinos pay 3.2 percent of gross gaming revenues, as well as an annual licensing fee of $1 million to the city. This annual licensing fee is distributed to the Parish of Bossier’s Police Jury, School Board, Sheriff, Economic Development Foundation and the Johnny Gray Jones Youth Shelter. The three operating Bossier City casinos also gave the city $1 million each on the date they opened.

Casino gaming first entered the Shreveport/Bossier area when Harrah’s Entertainment, Inc. opened the Harrah’s Shreveport Casino in April 1994, located near downtown Shreveport along the Red River. Two more casinos opened shortly after the Harrah’s Shreveport Casino. The Isle of Capri-Bossier City, owned by Casino America, Inc., opened in May 1994, and the Horseshoe Casino & Hotel, located in Bossier City and owned by Horseshoe Gaming LLC, opened in July 1994. The Casino Magic riverboat opened in Bossier City Oct. 4, 1996. [Unless otherwise indicated, this study does not include data from Casino Magic.] Exhibit II.1 includes a map of the Shreveport/Bossier City area and indicates the location of the area’s four casinos.

Exhibit II.1 Map of Shreveport/Bossier City Area

Much of this section is drawn from Bear Stearns’ Global Gaming Almanac, pp. 142-167.
Most popular casino games are played at the casinos, including blackjack, craps and roulette. The casinos also have non-gaming amenities. The Isle of Capri-Bossier City and Horseshoe Casino & Hotel operate nearby hotels with 242 and 201 rooms, respectively. All three casinos offer restaurants and lounge entertainment. Harrah’s Shreveport also has meeting facilities.

The area’s casino operators have estimated that approximately 60 to 80 percent of the area’s customers come from east Texas, particularly Dallas. The lack of legalized casino gaming in Texas has meant that the Shreveport/Bossier City casinos are the primary gaming market for these customers.

As shown in Exhibit II.2, the Shreveport/Bossier City casinos recorded more than $480 million in revenues in 1996, up nine percent from approximately $440 million in 1995. The Casino Magic contribution reflects only three months activity.

Exhibit II.2 Shreveport/Bossier City Gaming Revenues By Casino, 1994-1996
(in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Casino Magic</th>
<th>Horseshoe</th>
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<td>1994</td>
<td>$69.9</td>
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<td>$140.5</td>
<td>$170.4</td>
</tr>
<tr>
<td>1995</td>
<td>$145.4</td>
<td>$155.8</td>
<td>$146.0</td>
<td>$152.8</td>
</tr>
<tr>
<td>1996</td>
<td>$152.8</td>
<td>$146.0</td>
<td>$171.4</td>
<td>$12.0</td>
</tr>
</tbody>
</table>

As shown in Exhibit II.2, the Shreveport/Bossier City casinos recorded more than $480 million in revenues in 1996, up nine percent from approximately $440 million in 1995. The Casino Magic contribution reflects only three months activity.

Sources: Bear Stearns, Global Gaming Almanac, 1995 and 1996, Center for Business Research, LSU-Shreveport, Database of Economic Indicators.

All four operators have indicated that they plan to expand their non-gaming attractions. Horseshoe Casino & Hotel is building a 600-room all-suite hotel and a 1,000-seat entertainment facility adjacent to its riverboat. The Isle of Capri-Bossier City also has plans to build a 300-room all-suite hotel. Harrah’s recently announced plans for a 400-room hotel adjacent to its riverboat, and Casino Magic has plans to build a 300-room hotel.11

Direct Economic Impacts Of Casino Gaming On Shreveport/Bossier City

The three original casinos in the area cost approximately $205 million. All construction costs were spent in the state, which created jobs and spending in the state and local economies. Casino operations provide ongoing jobs, wages and taxes to the local economy, as shown in Exhibit II.3.

Exhibit II.3 Shreveport/Bossier City - Jobs, Wages And Taxes, 1995

The three casinos employed 5,100 people and paid approximately $115 million in wages, benefits and tips in 1995, resulting in an average wage per employee of approximately $22,500. The opening of Casino Magic in October 1996 added another 1,400 jobs. In 1993, Caddo and Bossier Parish employees earned average wages of approximately $23,000 and $17,000, respectively.12 The state’s average wage in 1993 was approximately $22,000,13 which compares to the national average of approximately $25,000 for the same year.14 The casinos began by paying slightly above the local average wage for service workers which, in turn, encouraged local employers to increase wages in order to hire or retain good workers. As a result, the casinos have made a significant impact on the discretionary income of local workers. 15

The casinos have had a positive impact on employment rates for minorities and women. African Americans and other minorities make up 59 percent of the Isle of Capri Casino-Bossier City’s 1,800 employees, 58 percent of the Harrah’s Shreveport Casino’s 1,450 employees and 52 percent of the Horseshoe Casino & Hotel’s 1,900 employees; women represent more than 58 percent, 56 percent and 54 percent, respectively.16 These compare favorably to minority and women employment of 38 and 53 percent, respectively, for the MSA. Furthermore, a survey done by Harrah’s at Harrah’s Shreveport Casino indicated that 12 percent of their employees no longer receive food stamps. In addition, 11 percent no longer receive welfare payments, and 18 percent no longer receive unemployment benefits.

Exhibit II.4 includes a summary of total taxes paid by the area’s casinos to local and state governments in 1995. These taxes do not include corporate income taxes or personal income taxes paid by casino employees.

12 County Business Patterns (Louisiana), Table 2, pp.26, 28.
13 County Business Patterns (Louisiana), Table 1a, p. 1.
14 County Business Patterns (United States), Table 1a, p. 1.
15 Susan T. Beal, Coordinating and Development Corporation, Shreveport, Louisiana.
16 Isle of Capri Casino & Hotel, Economic Impact Report; Harrah’s Shreveport Casino, 1995 Community Review; and Horseshoe Casino Hotel, Economic Impact Profile, 1994-1995.
Exhibit II.4 Summary Of Taxes Paid By Shreveport/Bossier City Casinos, Excluding Corporate And Personal Income Taxes, 1995

(in thousands)

<table>
<thead>
<tr>
<th>Tax</th>
<th>Amount Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Gaming Tax</td>
<td>$ 80,675</td>
</tr>
<tr>
<td>Local Gaming Tax</td>
<td>18,516</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>3,119</td>
</tr>
<tr>
<td>Sales/Use Taxes</td>
<td>1,808</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 104,118</strong></td>
</tr>
</tbody>
</table>


Local gaming taxes accounted for approximately 30 percent of Bossier City’s 1995 total tax revenues. Gaming taxes accounted for approximately six percent of Shreveport’s total tax revenues. Gaming taxes paid by the area’s casinos account for approximately 40 percent of the total gaming taxes paid to the state in 1995. State and local gaming taxes of approximately $110 million were paid by the casinos in 1996.

Gaming tax revenues have provided funds to the area for local capital improvement projects which otherwise may not have been possible.

In Shreveport, gaming tax revenues are held in a separate “Riverfront Development” fund and are used to fund capital improvements for other local attractions. Similarly, Bossier City maintains its gaming tax revenues in a special fund which is being used for “capital and other undetermined projects.”

Evaluation Of Economic Indicators

Employment

During the spring and summer of 1994, the casinos in Shreveport/Bossier City hired approximately 5,100 people. During this period, the area experienced significant job growth. According to the Louisiana Department of Labor, the number of jobs in the area rose from 159,000 to 169,000 between the third quarter of 1993 and the third quarter of 1994.

Exhibit II.5 highlights the more recent upward trend in employment since gaming moved into the area in mid-1994. The amounts shown in bold are averages for the year, with the shaded band indicating the highest and lowest monthly averages.

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Exhibit II.5 Total Employment In Shreveport/Bossier City MSA, 1985-1996
(in thousands of jobs)

Note: Casinos were introduced during the first half of 1994.
Source: Center for Business Research, LSU-Shreveport, Database of Economic Indicators.

The increase in employment in 1990 is attributable to the fact that Webster Parish (population of approximately 40,000) was added to the MSA in 1990.

Average total employment in the area has increased since 1993. Casino employees now account for approximately three percent of the area’s total employment. Exhibit II.6 illustrates changes in the area’s total employment by quarter for 1993 to 1996.

Exhibit II.6 Total Average Employment By Quarter In Shreveport/Bossier City, 1993-1996

Note: Casinos were introduced during the first half of 1994.
Source: Center for Business Research, LSU-Shreveport, Database of Economic Indicators.
The area has witnessed job growth in most other industry segments, as shown in Exhibit II.7. The growth in retail trade jobs reflects increased retail spending in the area’s economy and expansion in retail facilities.

**Exhibit II.7 Shreveport/Bossier City - Average Jobs By Major Industry**

1993 Compared To 1996

<table>
<thead>
<tr>
<th>Industry</th>
<th>1993</th>
<th>1996</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services (including casino gaming)</td>
<td>40,600</td>
<td>49,500</td>
<td>8,900</td>
<td>22%</td>
</tr>
<tr>
<td>Government</td>
<td>30,900</td>
<td>32,000</td>
<td>1,100</td>
<td>4%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>27,300</td>
<td>29,500</td>
<td>2,200</td>
<td>8%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>19,800</td>
<td>20,400</td>
<td>600</td>
<td>3%</td>
</tr>
<tr>
<td>Construction</td>
<td>8,200</td>
<td>8,600</td>
<td>400</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>31,200</td>
<td>30,000</td>
<td>(1,200)</td>
<td>(4%)</td>
</tr>
<tr>
<td>Total</td>
<td>158,000</td>
<td>170,000</td>
<td>12,000</td>
<td>8%</td>
</tr>
</tbody>
</table>

*Note: Casinos were introduced during the first half of 1994.*

Source: Center for Business Research, LSU-Shreveport, Database of Economic Indicators.

New gaming jobs represented 57 percent of all service jobs created from 1993 to 1996.

Exhibit II.8 shows that unemployment rates decreased significantly in the late 1980s and have remained stable since then.

**Exhibit II.8 Unemployment In Shreveport/Bossier City MSA And Louisiana 1985-1995**

*Note: Casinos were introduced during the first half of 1994.*

Sources: Susan T. Beal, Economic Retrospective for Shreveport and Bossier City for the years 1992-1995; Center for Business Research, LSU-Shreveport, Database of Economic Indicators; Louisiana Department of Commerce.

The national unemployment rate in 1995 was approximately six percent.19

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19 Illinois Department of Commerce and Community Affairs.
Currently, more people are working in the area than at any point in the last 10 years. *The Shreveport Bossier Economy* indicates that the temporary increase in the unemployment rate in 1994 might have been due to an increase in the number of people who moved to the area in search of casino jobs and then registered with the Employment Security Division.20

**Taxes**

Tax revenues increased from 1993 to 1995 in both Shreveport and Bossier City. Bossier City’s total city revenues have almost doubled during the same period. Sales tax rates did not change and property tax rates decreased from $112 per $1,000 of assessed value to $106 per $1,000 of assessed value.21 This reversed a trend of increasing property tax rates. Property tax rates had increased more than 15 percent from 1990 to 1993.22

*Exhibit II.9* highlights the increases Bossier City tax revenues experienced between 1993 and 1995.

Gaming taxes have significantly expanded the city’s total revenues. Also contributing to the increase in total revenues are the sales tax revenue increases of 24 percent and 11 percent, respectively, in 1994 and 1995.

The increase in sales tax in 1994 in Bossier City was also impacted by the fact that in January 1994, Bossier Parish added five new auditors to its sales tax collections staff. The ability to hire additional staff significantly impacted Bossier City’s ability to collect sales tax revenues more efficiently and more accurately. Bossier City’s first riverboat opened after the first quarter of 1994. For the first quarter of 1994, sales tax collections were 14.5 percent higher than the same period in 1993.23

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21 City of Bossier City, 1995, pp. 36, 95.
22 Op Cit., p. 95.
23 Susan T. Beal, Coordinating and Development Corporation, Shreveport, Louisiana.
The situation is similar in Shreveport, although tax revenues have not increased as dramatically as in Bossier City. The reasons for this are twofold: Shreveport had a larger “pre-gaming” tax base, and there is only one riverboat casino in Shreveport. *Exhibit II.10* indicates Shreveport tax revenues for 1993 to 1995.

**Exhibit II.10 Shreveport Tax Revenues, 1993-1995**

(in millions)

![Graph showing Shreveport tax revenues from 1993 to 1995.](image)

*Note: Casinos were introduced during the first half of 1994.*


Total tax revenues increased $16.6 million from 1993 to 1995. This increase represents an annual average rate of more than eight percent, even though tax rates decreased slightly. Property tax rates had increased in each year from 1986 to 1993, but decreased almost four percent from 1993 to 1995.\(^{24}\)

**Construction**

**Commercial Construction**

*Exhibit II.11* includes data on the total value of new commercial construction projects in Shreveport/Bossier City for the years 1985 to 1996 and shows that a 12-year high was reached in 1996.

\(^{24}\) City of Shreveport, 1995, p. 144.
New commercial construction has increased significantly in the years following the introduction of gaming (1994, 1995 and 1996).

The significant increase in Bossier City is a result of several major projects.

In 1994, approximately $25 million of the $34 million in new commercial construction related to the construction of land-based facilities at the two casinos (the riverboats themselves were constructed in Louisiana, although outside of the area). In addition, a cinema, a church and an apartment complex, each costing more than $1 million, were constructed.

In 1995, a large privately-owned hospital, Willis Knighton, was completed, costing approximately $32 million. Other projects included Comfort Inn ($2 million), Toys-R-Us ($4 million), Wal-Mart Supercenter ($10 million), Red River water treatment plant ($8 million), Hampton Inn ($3 million), and several other hotel renovations and new restaurants.

1996 construction included the Horseshoe Hotel Tower ($52 million), Casino Magic land-based facilities ($15 million) and several retail and restaurant facilities.

Shreveport has also had an increase in new commercial construction compared to the late 1980s and early 1990s.

In 1992, the significant increase in construction reflected the building of a new detention center in Caddo Parish at a cost of $25 million as well as certain other additions, including a Home Depot store ($2.5 million), Olive Garden restaurant ($1 million), new construction at the local university of privately-owned and operated student housing ($4 million) and a new headquarters building for the regional utility company ($4 million).

Construction in 1993 included construction at Harrah’s casino ($5.6 million), a new church ($5 million) and a new home retail store, Lowes Building Materials ($3.5 million).
Construction in 1994 consisted of two new churches ($4 million) and several municipal projects ($6 million).

In 1995, a grocery store ($1 million), a church expansion ($1 million) and a community health center ($1 million) were among the projects built in Shreveport. Both Home Depot and Lowes were, however, relocations of existing stores. The original locations were closed and have not been reopened by any other businesses.

Major construction continued in 1996 including, for example, a science center ($10 million), a new hotel ($3.6 million) and additions to the Caddo/Bossier Port and wharf ($3.3 million).\textsuperscript{25}

In addition to new construction, \textit{Exhibit II.12} shows that significant amounts have also been spent on repairs and renovations.

\textit{Exhibit II.12 Commercial Repairs And Renovations In Shreveport/Bossier City, 1990-1996}

(based on the total dollar value of permits issued; in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bossier City</th>
<th>Shreveport</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>$70</td>
<td>$80</td>
</tr>
<tr>
<td>1991</td>
<td>$60</td>
<td>$70</td>
</tr>
<tr>
<td>1992</td>
<td>$50</td>
<td>$60</td>
</tr>
<tr>
<td>1993</td>
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<tr>
<td>1994</td>
<td>$30</td>
<td>$40</td>
</tr>
<tr>
<td>1995</td>
<td>$20</td>
<td>$30</td>
</tr>
<tr>
<td>1996</td>
<td>$10</td>
<td>$20</td>
</tr>
</tbody>
</table>

\textit{Note: Casinos were introduced during the first half of 1994.}


The higher figures for 1993 through 1996 reflect the increased commercial construction activity.

\textit{Residential Construction}

New residential construction in Shreveport/Bossier City has risen steadily since 1990, with 1994, 1995 and 1996, after the casinos opened, exceeding all years since 1985. As shown in \textit{Exhibit II.13}, new residential construction in that period (1994 through 1996), totaled approximately $220 million, significantly exceeding the total for the three-year period from 1991 to 1993 of approximately $124 million.

\textsuperscript{25} Information on specific construction projects was derived from the following sources: LSU-Shreveport, \textit{Economic Retrospective: Shreveport-Bossier Convention & Tourist Bureau, Riverboat Gaming Economic Impact}; Greater Bossier Economic Development Foundation, \textit{1995 Annual Report}. 

26
Exhibit II.13  **New Residential Construction In Shreveport/Bossier City, 1985-1996**  
(based on the total dollar value of permits issued; in millions)

![Bar graph showing new residential construction in Shreveport/Bossier City from 1985 to 1996.](image)

*Note: Casinos were introduced during the first half of 1994.*


New residential construction included a $10 million apartment complex in Shreveport.26

**Housing Market**

Exhibit II.14 shows that housing starts in the area for the period from 1993 to 1995 were almost double housing starts for the period from 1990 to 1992 and continued to rise in 1996.

Exhibit II.14  **Housing Starts In Shreveport/Bossier City, 1990-1996**  
(number of permits)

![Bar graph showing housing starts in Shreveport/Bossier City from 1990 to 1996.](image)

*Note: Casinos were introduced during the first half of 1994.*

Source: Center for Business Research, LSU-Shreveport, *Database of Economic Indicators*.

Shreveport’s housing starts were valued at $37.7 million in 1996, and Bossier City’s housing starts were valued at $34 million the same year.27

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26 City of Shreveport, 1995, p. xiii.
27 Susan T. Beal.
Other Indicators

Retail Sales

In 1994, the year in which the area’s casinos opened, retail sales in Shreveport and Bossier City posted their highest growth rate in the past 11 years. Exhibit II.15 includes retail sales data for Shreveport/Bossier City for the years 1985 to 1996.

Exhibit II.15 Retail Sales In Shreveport/Bossier City, 1985-1996

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales in Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>$1.7</td>
</tr>
<tr>
<td>1986</td>
<td>$1.9</td>
</tr>
<tr>
<td>1987</td>
<td>$2.1</td>
</tr>
<tr>
<td>1988</td>
<td>$2.3</td>
</tr>
<tr>
<td>1989</td>
<td>$2.5</td>
</tr>
<tr>
<td>1990</td>
<td>$2.7</td>
</tr>
<tr>
<td>1991</td>
<td>$2.9</td>
</tr>
<tr>
<td>1992</td>
<td>$3.1</td>
</tr>
<tr>
<td>1993</td>
<td>$3.3</td>
</tr>
<tr>
<td>1994</td>
<td>$3.5</td>
</tr>
<tr>
<td>1995</td>
<td>$3.6</td>
</tr>
<tr>
<td>1996</td>
<td>$3.7</td>
</tr>
</tbody>
</table>

Note: Casinos were introduced during the first half of 1994.
Source: Center for Business Research, LSU-Shreveport, Database of Economic Indicators.

Retail sales have grown faster in the area over the past few years than in the rest of the country. In 1993, 1994 and 1995, retail sales in the United States grew at rates of 6.3, 7.5 and 4.9 percent, respectively. Retail sales growth rates of approximately 10 and 6.5 percent were recorded by the area in 1994 and 1995, respectively, the two highest growth rates over the past 10 years. In 1996, retail sales growth of five percent continued the upward trend. Major retailers continued to expand their current operations in the area during this growth period. Toys-R-Us (already in Shreveport) opened a location in Bossier City. Wal-Mart, with three locations already in Shreveport, opened a Supercenter in Bossier City in the summer of 1996.

Restaurants

Growth in restaurant sales was part of the overall growth in retail sales. According to the Bossier City/Parish Sales and Use Tax Division, taxable restaurant sales in Bossier City increased five percent and seven percent in 1994 and 1995, respectively. These increases do not include casino restaurants.

Eleven restaurants opened in Bossier City in 1995, while only three closed, resulting in a net increase of eight restaurants. In both locations, a number of national chains have opened. In May 1991, Red Lobster opened in Shreveport. Since then, Shreveport has gained an Olive Garden, Outback, Lone Star, Applebee’s, an additional El Chico’s location and a Luby’s Cafeteria. Red Lobster, Outback, Applebee’s, Posadas, Chili’s, Bennigans and a Back Yard Burger have opened in Bossier City.

28 Illinois Department of Commerce and Community Affairs.
29 Shreveport-Bossier Convention & Tourist Bureau.
In addition to the sales increases mentioned earlier, Susan T. Beal of the Coordinating and Development Corporation, Shreveport, reports that there has been a net increase in the number of restaurants in Shreveport-Bossier City since 1993, before the introduction of casino gaming.

**Auto Sales**
Auto sales in the area increased by 18 and 21 percent, respectively, in 1994 and 1995, after being flat for the preceding five years, as shown in *Exhibit II.16*. In 1996, the number of auto sales remained high.

*Exhibit II.16 Shreveport/Bossier City Autos Sold, 1988-1996*

*Note: Casinos were introduced during the first half of 1994.*


*Exhibit II.17 Caddo/Bossier Parishes Value Of Auto Sales, 1992-1995*

(Amounts in millions of dollars)

*Note: Casinos were introduced during the first half of 1994.*

Source: Coordinating & Development Corporation.
**Regional Hotel/Motel Performance**

Hotel and motel revenues in Caddo and Bossier Parishes rose significantly in 1994 and 1995, as illustrated in Exhibit II.18.

*Exhibit II.18 Caddo/Bossier Taxable Room Revenues, 1985-1995*

Note: Casinos were introduced during the first half of 1994.
Source: Shreveport-Bossier Convention & Tourist Bureau, Riverboat Gaming Economic Impact.

Hotel room-supply had been relatively flat for the past five years, averaging between 4,200 and 4,700. When the casinos opened, they acquired currently existing hotels. Two new hotels were added in Bossier in 1995, the Hampton Inn and the Comfort Inn. The growth in room revenues from 1993 to 1995 (of approximately 45 percent) shown in Exhibit II.18 is the result of increased availability of rooms, increased room rates and higher occupancy percentages.

*Exhibit II.19 Shreveport/Bossier City Hotel Statistics, 1990-1995*

Note: Casinos were introduced during the first half of 1994.
Source: Shreveport-Bossier Convention & Tourist Bureau, Selected Hotel Statistics.
Several hotels and motels are renovating or adding rooms, while others have plans to do so. These include the Sheraton Shreveport, Best Western, Holiday Inn, Sheraton Bossier and the Ramada Inn Bossier. The estimated cost of planned additions is more than $8 million. Horseshoe Bossier City is building a new hotel that will add more rooms. These significant expansions will increase the room inventory by approximately 1,000 by the end of 1997.

**Welfare**

There has been a significant reduction in the dollar amounts paid and number of recipients for AFDC and food stamp benefits since casino gaming was introduced. Exhibit II.20 indicates AFDC payments made and number of recipients for fiscal years 1989 through 1996 for Bossier and Caddo parishes combined. The dollar amounts represent average monthly payments for years ended June 30 multiplied by 12.

In fiscal years 1995 and 1996, AFDC benefit payments decreased from prior years by 14 and 15 percent, respectively.

Food stamp benefits also decreased after the introduction of casino gaming. In 1989, the average number of food stamp recipients for Bossier and Caddo parishes combined was 55,728 (coupon value of $39.4 million). A similar average number of recipients of 56,398 (coupon value of $49.4 million) was recorded in 1994. However, in 1995, after the introduction of casino gaming, the average number of recipients of food stamps was down 15 percent to 48,190 (coupon value of $43.9 million).

30 Shreveport-Bossier Convention & Tourist Bureau, Riverboat Gaming.
31 Food stamp information could not be obtained for 1990 through 1993, or 1996.
Other Factors

In Bossier City, combined current and capital outlay expenditures increased by nine percent and 10 percent in 1994 and 1995, respectively. The addition of gaming taxes, however, meant that revenues exceeded expenditures by $5.6 million and $7.4 million for 1994 and 1995, respectively. This compares to deficits of $0.9 million and $2.3 million in 1992 and 1993, respectively.

In Shreveport, where the increases in tax and gaming revenues have been less significant to the city’s overall finances, $20.4 million was spent on highways and streets in 1994 and 1995 combined, compared to $7.4 million in 1993.

Significant amounts are spent by the casinos with state and local vendors. More than $50 million was spent locally by the three original casinos in 1996 on food and beverage, utilities and other goods and services. This amount excludes amounts spent on fixed assets. Approximately $30 million was spent by Horseshoe Casino & Hotel in 1996 on fixed assets.

Conclusion

Casinos have made significant contributions to the Shreveport/Bossier City economies in a number of areas. As well as the direct impacts of providing new jobs, wages and taxes, there have been increases in the levels of construction activity, retail and auto sales and hotel revenues. In addition, the area has witnessed decreases in the number of AFDC and food stamp recipients after the introduction of casino gaming.
Biloxi/Gulfport, Mississippi

- Jobs, wages and taxes in 1995: 11,200 jobs, $240 million in wages, $81 million in state and local taxes
- Seventy-seven percent of Gulf Coast tourists visited a casino in 1995.
- Casino companies have invested more than $1 billion in the Gulf Coast Region through 1996.
- Thirteen percent of the area’s jobs in 1995 were casino jobs.
- Twenty percent of Biloxi’s total tax revenues come from casinos.
- Sixty-two percent of the 18,100 new jobs in the area since 1990 were created by casinos.
- Women held approximately 60 percent of the area’s casino jobs in 1996. They held only 47 percent of the area’s jobs.
- In 1996, approximately 35 percent of those employed by the 10 casinos in the area were minorities. Minorities held only 22 percent of the jobs in the area.
- The value of commercial construction permits in 1992 (before casinos) was $12 million. In the following three years (after casinos), the combined total was $447 million.
- From 1990 to 1995, the construction industry added almost 1,300 new jobs – an increase of 50 percent.
- Retail sales growth rates increased from an average of three percent a year from 1990 through 1992 to approximately 13 percent between 1993 and 1995.
- The number of AFDC recipients dropped more than nine percent in 1995 and 15 percent more in 1996.
- After increasing steadily for many years, the number of food stamp recipients has dropped each year since 1993.

Background
Biloxi and Gulfport (collectively, the “area”) are located along the Mississippi Gulf Coast. Both cities are in Harrison County, are of similar size and have been popular for many years as beach resort destinations. According to many news accounts, the resort area had lost some of its appeal during the 1980s, and the introduction of casino gaming helped the tourist industry make a comeback in the area.

The area is approximately 70 miles east of New Orleans and 70 miles west of Mobile, Ala. The area is situated south of Interstate 10, which runs east from New Orleans into Alabama and Florida.

The area has a population of approximately 119,000. Harrison County’s total population is 183,000. The area was the 144th largest MSA in the country in 1995.

Fishing, tourism (including casino gaming) and government/military operations constitute the area’s principal industries. The area’s hotels, casinos, golf courses and American heritage landmarks attract numerous tourists and conventions. Other significant industries in the area include retail trade and other services.

The income of the area’s residents is typical of Mississippi residents. Mississippi had per capita income of $15,838 (in current dollars) in 1994 compared to a national average of $21,809.\(^\text{32}\)

Casino Gaming In Biloxi/Gulfport
Casino gaming was authorized by the Mississippi state government in 1990, subject to approvals by local referenda.\(^\text{33}\) Harrison County residents voted to allow casino gaming in 1992. The type of gaming approved in the area is dockside casino gaming which requires that casinos be located over water but

\(^{32}\) *Statistical Abstract*, 1995, Table No. 713, p. 461.

\(^{33}\) Much of this section is drawn from Bear Stearns’ 1996 *Global Gaming Almanac*, pp. 186-209.
does not require casinos to cruise or be housed on a riverboat. This allows for casinos of a significantly larger size than cruising riverboats. Other amenities, including hotels, parking lots and retail outlets, can be located adjacent to the casino on the shore.

Beginning in 1994, the Mississippi Gaming Commission, which regulates all gaming in the state, required that all casinos develop a 250-room or larger hotel in “close proximity” to the casino. This regulation included casinos already in operation.

State gaming taxes are assessed on gross gaming revenues at a rate of eight percent for revenues greater than $134,000. Rates are four percent and six percent for revenues up to $50,000 and $134,000, respectively.

Counties also levy an additional tax of 3.2 percent of gross gaming revenues. County tax proceeds are shared by the county and city governments. Local governments also receive licensing fees on gaming devices.34

At the end of 1995, 10 casino gaming facilities were operating in the area. *Exhibit III.1* includes summary data on the area’s casinos.

*Exhibit III.1 Biloxi/Gulfport Casinos*

<table>
<thead>
<tr>
<th>Casino</th>
<th>Location</th>
<th>Square Feet</th>
<th>Opened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isle of Capri</td>
<td>Biloxi</td>
<td>32,500</td>
<td>8/92</td>
</tr>
<tr>
<td>President Casino</td>
<td>Biloxi</td>
<td>38,000</td>
<td>8/92</td>
</tr>
<tr>
<td>Lady Luck</td>
<td>Biloxi</td>
<td>22,000</td>
<td>2/93</td>
</tr>
<tr>
<td>Grand Casino</td>
<td>Gulfport</td>
<td>100,000</td>
<td>5/93</td>
</tr>
<tr>
<td>Casino Magic</td>
<td>Biloxi</td>
<td>47,200</td>
<td>6/93</td>
</tr>
<tr>
<td>Copa Casino</td>
<td>Gulfport</td>
<td>26,000</td>
<td>9/93</td>
</tr>
<tr>
<td>Grand Casino</td>
<td>Biloxi</td>
<td>110,000</td>
<td>1/94</td>
</tr>
<tr>
<td>Palace Casino</td>
<td>Biloxi</td>
<td>32,040</td>
<td>4/94</td>
</tr>
<tr>
<td>Treasure Bay</td>
<td>Biloxi</td>
<td>56,000</td>
<td>4/94</td>
</tr>
<tr>
<td>Boomtown</td>
<td>Biloxi</td>
<td>33,632</td>
<td>7/94</td>
</tr>
<tr>
<td><strong>Total Biloxi/Gulfport</strong></td>
<td></td>
<td><strong>497,372</strong></td>
<td></td>
</tr>
</tbody>
</table>


The casinos are located in three principal areas. In Gulfport, the two casinos are on the coast of the Mississippi Sound. In Biloxi, the casinos are on the coast of the Mississippi Sound or the Back Bay of Biloxi. *Exhibit III.2* includes a detailed map of Biloxi/Gulfport and indicates the location of the areas’ casinos.

The Grand Casinos in Biloxi and Gulfport, averaging more than 100,000 square feet of gaming space in each casino, are two of the largest casinos outside Nevada and New Jersey. These casinos offer, or plan to offer, a number of resort-style amenities, including large hotels, golf courses and convention facilities. A further $700 million of capital investment is anticipated from the construction of two new casino resort properties, Imperial Palace and Beau Rivage.

Gaming revenues totaled $670 million for the area in 1996 compared to $612 million in 1995, an increase of approximately eight percent. In 1996, gaming revenues in Biloxi/Gulfport accounted for 36 percent of total state gaming revenues.

*Exhibit III.3* shows the increases in gaming revenues for the area from 1992 to 1996. The years shown represent fiscal years to September 30.

*Exhibit III.3* Biloxi/Gulfport Gaming Revenues, 1992-1996
(Amounts in millions of dollars)

With a local population of only 119,000, the area’s casinos rely heavily on tourist visits to generate revenue. According to the Mississippi Gulf Coast Fall 1995 Visitors Profile, 77 percent of Gulf Coast tourists visit a casino.\(^\text{35}\) The Mississippi Gaming Commission recorded 23 million visits to casinos in 1996. The average visitor spends $45 on gaming activities during their stay and $195 on lodging, food and other expenditures.\(^\text{36}\) Local officials use gaming to “promote other, non-casino related feature attractions...which we heretofore had never been able to attract.”\(^\text{37}\)

**Direct Economic Impacts Of Casino Gaming On Biloxi/Gulfport**

The Gulf Coast has benefited from major new investments arising as a result of casino gaming. To date, total direct casino investment in the Gulf Coast area approximates $1 billion, excluding facilities currently under construction.\(^\text{38}\)

At the end of 1995, casinos in the area employed approximately 11,200 people,\(^\text{39}\) or approximately 13 percent of the total work force in Harrison County.\(^\text{40}\)

*Exhibit III.4* summarizes the number of jobs provided and the amount of wages and taxes paid by the Biloxi/Gulfport casinos in 1995.

*Exhibit III.4* **Biloxi/Gulfport - Jobs, Wages And Taxes, 1995**

![Graph showing jobs, wages, and taxes](chart.png)

Sources: Mississippi Gaming Commission; Mississippi State Tax Commission; City Comprehensive Annual Financial Reports; Bear Stearns, Global Gaming Almanac, 1996.

The average wage paid to a casino worker on the Gulf Coast of $22,000 is consistent with the average wage of $21,000 for casino workers across the state.\(^\text{41}\) Wages paid by the casino gaming industry are somewhat higher than the state’s average wage of $20,000.\(^\text{42}\)

---

35 Harrison County Tourism Commission, p.5.
36 Ibid.
38 Mississippi Casino Operators Association.
40 Harrison County Development Commission, *Gulf Coast Employment*.
41 Arthur Andersen.
42 Derived from *County Business Patterns (Mississippi)*, 1995, Table 1a., p. 1.
The casinos have also made positive impacts in the area of minority and women’s employment. Approximately 60 percent of employees are female and approximately 30 percent are African-American or another minority. This compares to area averages of 47 percent female and 22 percent minority.

*Exhibit III.5* shows that the 12 operating casinos in the area paid $81 million in taxes in 1995, excluding corporate, federal and state and personal income taxes (1996 information on gaming taxes is highlighted in the text below). Information on sales and use taxes paid by Biloxi/Gulfport casinos is not available.

*Exhibit III.5* **Summary Of Taxes Paid By Biloxi/Gulfport Casinos, Excluding Corporate And Personal Income Taxes, 1995**

<table>
<thead>
<tr>
<th>Tax</th>
<th>Amount Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Gaming Taxes</td>
<td>$ 46,358</td>
</tr>
<tr>
<td>Local Gaming Taxes</td>
<td>$ 21,300</td>
</tr>
<tr>
<td>Real/Personal Property Taxes</td>
<td>$ 12,447</td>
</tr>
<tr>
<td>Tourism Room Taxes</td>
<td>$ 675</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 80,780</strong></td>
</tr>
</tbody>
</table>

Sources: Mississippi State Tax Commission; Bear Stearns, Global Gaming Almanac, 1996; City Comprehensive Annual Financial Reports.

Gaming taxes have become a significant part of the Mississippi state budget. For the year ended June 30, 1995, the state received $129 million in gaming taxes from all casinos statewide, which accounted for 5.2 percent of total general fund revenues. Total general fund receipts have increased 35 percent since 1992, the year in which casinos first opened. Biloxi/Gulfport casinos contributed $67.7 million in state and local gaming taxes in 1995 and $75.7 million in 1996.

These local gaming taxes are also significant. Biloxi/Gulfport casinos contributed $21.3 million in local gaming taxes in 1995, which increased by four percent to $22.1 million in 1996. Harrison County (which includes Biloxi and Gulfport) showed gaming tax receipts of $26.2 million in fiscal year 1996, up by 10 percent over $23.6 million for 1995.

The 3.2 percent local gaming tax and other licensing fees have become a major source of Biloxi’s tax revenues. As shown in *Exhibit III.6*, in 1995, these taxes made up 20 percent of Biloxi’s total tax revenues.

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Biloxi allocates 20 percent of its gaming tax revenue to the city’s public safety budget, with an additional 10 percent allocated to the county’s public safety budget. Thirty percent of local gaming taxes are allocated to the city and county school systems. According to educators, gaming tax revenues are a welcome addition to their budget. One principal stated that “We’ve seen nothing but good come out of it. We’ve been able to buy things and do things that we never would have been able to do before.”

**Evaluation Of Economic Indicators**

**Employment**

Casino wages in the area are higher than those of other industries. Local business people have highlighted this fact. Mississippi Gulf Coast Chamber of Commerce President William Morrison said casinos “pay above-average rates and provide benefits. In addition, they offer training and education.” A local restaurateur points out that “casinos are giving bus boys benefits. It’s an economic high-tide for wages.” The average wage in Harrison County was $22,000 in 1995 and compares favorably to the average wage in Mississippi of approximately $20,000.

As shown in Exhibit III.7, total employment for Harrison County has shown an upward trend since gaming was introduced.

---

47 Ibid.
48 Derived from *County Business Patterns (Mississippi)*, 1995, Table 2, p. 35.
49 Derived from *County Business Patterns (Mississippi)*, 1995, Table 1a., p. 1.
Total employment in Harrison County increased from approximately 61,000 in 1990 (before gaming) to 80,000 in 1995. Casino gaming facilities were opening from late 1992 through late 1994. As of July 1996, the number of people employed in the county is in excess of 84,000. Exhibit III.8 compares the area’s jobs by major industry in 1990 and 1995.

**Exhibit III.8 Harrison County Jobs By Major Industry, 1990 Compared To 1995**

<table>
<thead>
<tr>
<th>Industry</th>
<th>1990</th>
<th>1995</th>
<th>Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services (including casino gaming)</td>
<td>12,610</td>
<td>27,120</td>
<td>14,510 115%</td>
</tr>
<tr>
<td>Government</td>
<td>15,790</td>
<td>16,970</td>
<td>1,180 7%</td>
</tr>
<tr>
<td>Wholesale/Retail Trade</td>
<td>16,530</td>
<td>19,240</td>
<td>2,710 16%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>7,390</td>
<td>4,930</td>
<td>(2,460) (33%)</td>
</tr>
<tr>
<td>Construction</td>
<td>2,480</td>
<td>3,720</td>
<td>1,240 50%</td>
</tr>
<tr>
<td>Other</td>
<td>6,620</td>
<td>7,550</td>
<td>930 14%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>61,420</td>
<td>79,530</td>
<td>18,110 29%</td>
</tr>
</tbody>
</table>

There have been significant increases in employment in the construction (principally residential) services and wholesale/retail trade industries over the period. Non-gaming service jobs increased by 3,500, or 28 percent, from 1990 to 1995. The Harrison County Development Commission attributes the overall increases in employment to many factors, including the introduction of “gaming/tourism.” Manufacturing is the only industry which has shown a decline since 1990.

50 Harrison County Development Commission, 1996 Economic Indicator Report.
Unemployment rates for Harrison County have generally declined since 1986, consistent with the unemployment rates in the state. *Exhibit III.9* compares average annual unemployment rates for Harrison County and Mississippi for the years 1986 to 1995.

*Exhibit III.9 Unemployment Rates In Harrison County And Mississippi, 1986-1995*

Unemployment decreased faster in both Harrison County and Mississippi than in the United States as a whole in 1992 and 1993. In explaining the upward movement in the unemployment rate in 1995, the Harrison County Development Commission noted that “the surge in job growth caused by gaming brought more job seekers than jobs to the coast in 1995.” The average unemployment rates for the month of December 1995 were 3.9 percent and 4.9 percent for Harrison County and Mississippi, respectively, suggesting that by year end the excess “job seekers” had been accommodated in the local market-place. The unemployment rate in Harrison County for the first half of 1996 was 5.5 percent, compared to 6.9 percent for the same period in 1995.

**Taxes**

*Exhibit III.10* highlights the tax revenue increases that have been experienced during the past three years in Gulfport.

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51 Harrison County Development Commission, *1996 Economic Indicator Report*.
Exhibit III.10 Gulfport Tax Revenues, 1992-1995
(in millions)

Note: Casinos were introduced between late 1992 and the middle of 1994.

The increases in sales and property tax revenues occurred without increases in property or sales tax rates.

Exhibit III.11 illustrates tax revenue increases in Biloxi from 1991 to 1995.

(in millions)

Note: Casinos were introduced between late 1992 and the middle of 1994.
Gaming taxes have become a prominent source of tax revenues in both cities. Harrison County collected additional gaming taxes of approximately $6.3 million in 1995 from its share of state and local taxes.

Property tax and job tax revenues for the two cities have also witnessed a strong upward trend since 1993. Gulfport’s annexation of 53 square miles on Jan. 1, 1994, enlarged the city’s tax base and made it the second largest city in Mississippi. The 84 percent increase in property tax revenues in 1995 is partly attributable to the property values in the annexed area.

Consistent with the tax revenue increases in the two cities, Harrison County has experienced significant overall growth in retail sales tax collections since casinos were introduced in 1992, as shown in *Exhibit III.12*.

*Exhibit III.12 Harrison County Retail Sales Tax Collections, 1992-1996*  
(in millions)

![Harrison County Retail Sales Tax Collections, 1992-1996](chart)

*Note: Casinos were introduced between late 1992 and the middle of 1994.*  

**Construction**

*Commercial Construction*

Commercial construction in Biloxi/Gulfport increased significantly when casinos were introduced into the area. *Exhibit III.13* indicates that the value of commercial construction permits in 1992 was $12 million,\(^5^3\) while from 1993 to 1995 the combined value of permits totaled $447 million.\(^5^4\)

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\(^{54}\) Harrison County Development Commission, *1996 Economic Indicator Report.*
In 1993, 1994 and 1995, the number of commercial construction permits issued was 312, 395 and 603, respectively.

Since dockside casinos and their land-based amenities are generally constructed by local contractors, casino gaming has had a positive impact on commercial construction employment. In 1990, the area’s construction industry employed 2,480 people. By 1995, this number had grown to 3,720. The largest commercial contractor on the Gulf Coast, Roy Anderson Corp., had raised its number of employees from 200 to 700 due to casino-related construction. According to the company’s president, 97 percent of the company’s workers and subcontractors are based in the Gulf Coast region.55

This increase in construction is also reflected in significant sales increases at local building supply stores. The general manager of a Gulfport home center estimated in 1994 that the volume of materials being sold since the introduction of casinos was up about 60 percent. He estimated that about 50 percent of the increase was directly related to the casinos.56

Construction activity is expected to continue in the next several years. Several casinos are expanding, and two new casinos are under development. In addition, a factory outlet mall is scheduled for completion in 1997. The Crossroads Mall began development in 1996 and will cost approximately $200 million to complete.57

56 Ibid.
57 Harrison County Development Commission, Annual Report.
Residential Construction
Residential construction has also increased in the past few years in the area. Exhibit III.14 indicates that the total dollar value of construction permits issued for the years 1993 through 1995 was $278 million. The combined value of new residential construction permits in 1991 and 1992 was $136 million.

Exhibit III.14 New Residential Construction in Harrison County, 1993-1995
(based on the total dollar value of permits issued; in millions)

Note: Casinos were introduced between late 1992 and the middle of 1994.
Sources: Harrison County Development Commission, 1996 Economic Indicator Report.

Housing Market
While the dollar value stabilized in 1995, the number of permits increased from 1,021 in 1993 to 1,126 in 1994 and 1,483 in 1995. Similar trends have also been present in the average home sales price of properties on the Gulf Coast, which has risen from $61,510 in 1991 to $84,082 in 1995. The largest single increase occurred in 1993/1994, when the average sales price increased by 16 percent from $72,248 to $83,621.\(^{58}\) Gaming was introduced to the area in August 1992.

The Harrison County Development Commission expects demand to accelerate through 1997.\(^{59}\) Existing homeowners will enjoy higher property values. Even with the increases in housing prices, Biloxi/Gulfport is considered one of the most affordable housing markets in the nation.\(^{60}\)

Other Indicators
Retail Sales
Retail sales in Harrison County grew at an average annual rate of approximately three percent from 1990 to 1992. Between 1993 and 1996, after gaming was introduced, retail sales grew at an average annual rate of approximately 12 percent. Exhibit III.15 shows that retail sales have posted significant growth since the introduction of gaming.

58 USM Gulf Coast, Division of Business Administration, Mississippi Gulf Coast Economic Report, March 1996, p. 4.
59 Harrison County Development Commission, 1996 Economic Indicator Report.
60 Pinkston, Clarion-Ledger, January 17, 1996, Gulf Coast Homes.
Retail sales grew an additional 5.3 percent in 1996 to approximately $2.2 billion.

Retail sales growth rates exceeded those of the state in the period 1992 to 1994. The area’s retail sales of approximately $2.2 billion were at an all-time high in 1996. Retail occupancy grew six percent to 90.7 percent in 1995, and mall occupancy reached 93.3 percent. New development also occurred, as “over 400,000 square feet of new retail space was created by businesses in 1995; 1996 is expected to top that.”

**Restaurants**

Restaurant sales showed growth of 4.3 percent in 1995 over 1994 in Harrison County, from $157.9 million in 1994 to $164.7 million in 1995. These restaurant sales do not include those at the casinos. According to Rebecca Montgomery of the Harrison County Development Commission, national chains are opening restaurants in the area, including Ruby Tuesday’s and Applebee’s. Revenues have also increased at local restaurants which are perceived as having a higher quality product, such as Mary Mahoney’s. Increased competition from these national chains has forced some other local restaurants to close.

**Regional Hotel/Motel Performance**

The casino gaming industry has clearly played a major part in strengthening the tourist industry on the Mississippi Coast. Total casino hotel rooms to date number over 2,500 with additional rooms projected for 1997 of approximately 2,800. Hotel/motel performance in the Biloxi/Gulfport area, including non-casino hotel rooms, has been strong.

*Exhibit III.16* highlights growth in room revenues in Harrison County since 1992.

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63 USM Gulf Coast, p. 2.
64 Mississippi Casino Operators Association.
Overall occupancy for hotels and motels on the Mississippi Gulf Coast has increased from approximately 55 percent in 1992 to approximately 70 percent in subsequent years. This has been achieved concurrent with an expanding room inventory and increasing room rates, as shown in Exhibit III.17.

Average room rates for the Mississippi Gulf Coast have increased over the period, from $45 per night in 1992 to almost $60 per night in 1995. Since 1992, supply has grown significantly in the area. Approximately 2,000 rooms were added in 1993 and 1994 combined. The two new casino developments, Imperial Palace and Golden Nugget, will add 1,000 and 1,800 new rooms to the region in 1997 and 1998, respectively. A further 1,000 rooms will be added by Grand Casinos in 1998 (500 to Grand Biloxi and 500 to Grand Gulfport).

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65 Mississippi Gulf Coast Convention and Visitors Bureau.
66 Harrison County Development Commission.
**Airport Activity**

*Exhibit III.18* shows the level of airport activity at the Gulfport-Biloxi Regional Airport from 1988 to 1995.

*Exhibit III.18* **Biloxi/Gulfport Airline Boardings, 1988-1995**

(in thousands)

![Bar chart showing Biloxi/Gulfport Airline Boardings, 1988-1995](chart.png)

*Note: Casinos were introduced between late 1992 and the middle of 1994.*

Source: Harrison County Tourism Commission.

Travel through the airport increased in 1993 and 1994 with the introduction of more large casino resorts. An article in *Coast Business* in June 1993 indicated that boardings on commercial flights were up 50 percent over the previous year and that there had been a 1,000 percent increase in charter jet passengers. Bruce Frallic, airport manager, said “many of the extra visitors are staying at Coast hotels, eating at local restaurants and otherwise spending money in the local economy.”

Because of the increased tourism in the area, Reno Air initiated service to the Biloxi/Gulfport area from several major Southern cities in April 1997.

The airport has become an indirect beneficiary of increased tourism, as the added landing and other fees have allowed the airport to upgrade facilities. The airport’s 5,400-foot alternate runway is scheduled for expansion to 7,500 feet. More than $7 million in new infrastructure and terminal facility developments is planned through 1998.

**Welfare**

Since casinos were introduced to the area in late 1992, the average number of AFDC recipients has consistently declined. *Exhibit III.19* indicates the number of recipients and total payments made for AFDC cases for the fiscal years 1990 through 1996. Dollar amounts have been determined by extrapolating from monthly averages.

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68 Ibid.
69 Harrison County Development Commission, *1996 Economic Indicator Report*. 
47
Exhibit III.19  Harrison County AFDC Benefits - Annualized Amounts  
Paid And Average Number Of Recipients, 1990-1996  
(Dollar amounts in thousands)

Note: Casinos were introduced between late 1992 and the middle of 1994.
Source: Mississippi Department of Human Services, Office of Quality Assurance.

Similarly, food stamp benefits have decreased since the introduction of casino gaming, as shown in Exhibit III.20.

Exhibit III.20  Harrison County Food Stamp Benefits - Annualized Amounts  
Paid And Average Number Of Recipients, 1990-1996  
(Dollar amounts in thousands)

Note: Casinos were introduced between late 1992 and the middle of 1994.
Source: Mississippi Department of Human Services, Office of Quality Assurance.
Other Factors

The increased tax and other revenues arising since the introduction of casino gaming in Biloxi and Gulfport have permitted increased expenditures in these cities. Public works and community development expenditures totaled $14.4 million and $11.1 million in the cities of Gulfport and Biloxi, respectively, in 1995. In 1992, such expenditures totaled $6 million and $3.6 million, respectively.

Significant amounts are spent by the casinos with local vendors. Five of the 10 Biloxi/Gulfport casinos spent in excess of $90 million with local vendors during 1996. This excludes amounts spent locally on fixed assets.

Conclusion
Casinos have made significant contributions to the Biloxi/Gulfport economies in a number of areas. As well as the direct impacts of providing new jobs, wages and taxes, there have been increases in the levels of construction activity, retail sales, hotel revenues and the number of tourists coming to the area. In addition, the area has witnessed decreases in the number of AFDC and food stamp recipients after the introduction of casino gaming.
Joliet, Illinois

- Jobs, wages and taxes in 1995: 4,000 jobs, $103 million in wages, $94 million in state and local taxes
- In 1995, 21 percent of the employees at the two Joliet casinos were African-American or other minorities, and approximately 58 percent were women. This compares to minority and women employment data of 18 percent and 50 percent, respectively, for the MSA.
- The two casinos were the city’s third and fourth largest payers of property tax in 1995.
- Casinos do about $8 million worth of business with local businesses and vendors each year.
- Almost 20 percent (4,000) of the new jobs created in Joliet between 1990 and 1994 were created by casinos.
- Unemployment rates dropped from 12 percent in 1992 to nine percent in 1994.
- Property tax revenues grew in 1992 and 1993 and have remained relatively constant since, while property tax rates have dropped.
- Casino tax revenues have helped raise Joliet’s bond rating and will help the city pay off its $50 million debt within five years.
- $121 million in commercial construction permits has been issued in the four years since casinos were introduced, compared with $81 million in the preceding four years.
- In 1995, new housing construction in Joliet more than doubled that in 1991.
- After a steady increase in the first five years of the decade, the number of AFDC recipients in Joliet has dropped by more than 14 percent since 1994.

Background
Joliet is located in northeast Illinois, 34 miles southwest of Chicago on the Des Plaines River. It is the county seat of Will County and is the third fastest growing city in Illinois with an approximate population of 85,000. Its population is expected to grow to more than 113,000 by 2010.70

Joliet was an economically-depressed community in the 1980s due to the loss of manufacturing jobs. Casino gaming was introduced in 1992, and the City Center is now being rebuilt through an emphasis on service and entertainment industries (including gaming). The city is also being revitalized through a capital spending program which focuses on historical and cultural attractions.71 According to the 1997 Community Profile, “rapid residential and commercial growth have combined with a revitalized City Center to make Joliet a point of destination within its own right.”

The community is trying to diversify its industrial base and has been attracting telecommunication manufacturers, production machinery and equipment suppliers and administrative service companies. Outside the City Center, the community has focused on neighborhood improvements, including street repair, sewer resurfacing and other infrastructure improvements.

The wider impact of gaming on this community can best be understood when viewed from the perspective of those who live in Joliet. Deputy Chief Joe Drick of the Joliet Fire Department says that gaming has “brought the focal point back downtown. The perception of downtown has changed from an old decaying area now to a vitalized center of activity.”

According to City Manager John Mezera, property values are up, property tax rates are down, and more money is available to fund “new roads, street lighting...(and) new parks.” Local businesses benefit, and casinos have spent $8 million on purchases from “existing businesses and existing suppliers.”

70 City of Joliet, Community Profile, 1997, p. 7.
71 Op Cit., p. 4.
The overall image of the city has improved. “[After] some tough times in the late 70s and early 80s,” says Tom Thanas, city attorney, “Joliet has become a household word throughout the Chicago area.”

**Casino Gaming In Joliet**

Illinois became one of the first “new” casino gaming jurisdictions when it legalized riverboat gaming in 1990. Joliet was the fourth of nine cities in Illinois with casino gaming.\(^{72}\)

Under Illinois law, a total of 10 gaming licenses were authorized, and all 10 have been awarded. Each licensee can have two boats with a passenger capacity of up to 1,200 on each boat. Illinois maintains strict cruising requirements, though exceptions exist for bad weather and scheduled maintenance.

Gaming taxes are imposed on 20 percent of gross gaming revenues, as well as a $2 per person admission tax. The admission tax is split equally between the state and city governments, while 75 percent of the wagering tax remains with the state.\(^{73}\)


*Exhibit IV.1 Map Of Joliet*

Since inception and through Jan. 31, 1997, combined admissions have been 23 million (four million in 1995).\(^{74}\)

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72 Much of the section is drawn from Bear Stearns’ 1996 *Global Gaming Almanac*, pp. 80-99.
74 Illinois Gaming Board.
The two casino facilities in Joliet account for approximately 25 percent of the state’s casino admissions. In both 1995 and 1996, gaming revenues of Joliet casinos accounted for 34 percent of total gaming revenues in Illinois.\textsuperscript{75} Exhibit IV.2 shows historical gross gaming revenues in Joliet.

\textit{Exhibit IV.2 Joliet Gaming Revenues By Casino, 1992-1996}

<table>
<thead>
<tr>
<th>Year</th>
<th>Harrah’s</th>
<th>Empress</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>$79</td>
<td>$173</td>
</tr>
<tr>
<td>1993</td>
<td>$67</td>
<td>$201</td>
</tr>
<tr>
<td>1994</td>
<td>$167</td>
<td>$203</td>
</tr>
<tr>
<td>1995</td>
<td>$203</td>
<td>$203</td>
</tr>
<tr>
<td>1996</td>
<td>$181</td>
<td>$168</td>
</tr>
</tbody>
</table>


\textbf{Direct Economic Impact Of Casino Gaming On Joliet}

As of Dec. 31, 1995, the two casinos in Joliet employed approximately 4,000 people\textsuperscript{76} and were listed fifth and sixth in Will County’s list of “Top 10 Employers”.\textsuperscript{77} Of these, approximately 21 percent were African Americans and other minority employees, and approximately 53 percent were women. This compares favorably for minority and women employment data of 18 and 50 percent, respectively, for the MSA. In 1995, wages, including benefits and tips, totaled approximately $103 million.\textsuperscript{78} This represents average wages of approximately $26,000. Average reported wages in Will County for 1995 were $27,500. The Joliet casinos paid a total of $96.3 million in gaming and other direct taxes, excluding income taxes, to state and local governments. Of the $94 million in gaming taxes, approximately $27 million was paid locally. Casinos paid $82.3 million in 1996 state and local gaming taxes.

\textit{Exhibit IV.3} summarizes the number of jobs provided and the amount of wages and taxes paid by the Joliet casinos in 1995.

\textsuperscript{75} Illinois Gaming Board.
\textsuperscript{76} Illinois Gaming Board.
\textsuperscript{77} Will County Chamber of Commerce and Center for Economic Development.
\textsuperscript{78} Illinois Riverboat Gaming Council.
At the end of 1996, wages, including benefits and tips, paid by the Empress and Harrah’s riverboats since inception were approximately $313 million, and the number of people employed was approximately 3,700. For the same period, both operators paid a total of $353 million in gaming and other direct taxes, excluding income taxes.

*Exhibit IV.4* indicates that gaming taxes provide a significant portion of Joliet’s revenues. The two casinos were also the city’s third and fourth largest payers of property tax in 1995.79

*Exhibit IV.4* Joliet Gaming Tax Revenues Compared To Total Revenues, 1992-1995

(in millions)

---

In 1995, gaming taxes of $26.6 million represented approximately 20 percent of total city government revenues, including city-operated enterprises, of $127.2 million. Local gaming taxes rose by nine percent from 1994 to 1995.

The two casinos make significant direct contributions to local vendors. Annual service and capital purchases from local vendors are approximately $8 million.\(^{80}\)

**Evaluation Of Economic Indicators**

**Employment**

Total employment for Will County has risen steadily, as shown in *Exhibit IV.5*.

*Exhibit IV.5 Total Full- And Part-Time Employment In Will County, 1988-1995*

Note: Casinos were introduced between late 1992 and the middle of 1994.


Will County led in private sector job growth in the Chicago PMSA (nine-county area) for 1990 through 1994. Gaming was a significant contributing factor in this growth. *Exhibit IV.6* compares jobs by major industry in Will County in 1990 and 1994.

**Exhibit IV.6 Will County - Jobs By Major Industry, 1990 Compared To 1994**

<table>
<thead>
<tr>
<th>Industry</th>
<th>1990</th>
<th>1994</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services (including casino gaming)</td>
<td>32,623</td>
<td>41,998</td>
<td>9,375</td>
<td>29%</td>
</tr>
<tr>
<td>Government</td>
<td>18,798</td>
<td>20,075</td>
<td>1,277</td>
<td>7%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>21,629</td>
<td>24,990</td>
<td>3,361</td>
<td>16%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>18,386</td>
<td>18,980</td>
<td>594</td>
<td>3%</td>
</tr>
<tr>
<td>Construction</td>
<td>10,458</td>
<td>12,552</td>
<td>2,094</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>23,498</td>
<td>27,646</td>
<td>4,148</td>
<td>18%</td>
</tr>
<tr>
<td>Total</td>
<td>125,392</td>
<td>146,241</td>
<td>20,849</td>
<td>17%</td>
</tr>
</tbody>
</table>

*Note: Casinos were introduced between late 1992 and the middle of 1994.*

Data on individual industries is not available for 1995, although the Will County Development Commission estimated total jobs of 152,000, an increase of four percent over 1994. *Exhibit IV.6* shows that there have been significant increases in those employed in the construction, retail trade and service industries over the period shown. Non-gaming service jobs increased by more than 5,000 jobs during the period. The county did not experience a decline in any major industry segment for this period.

While the population in the area increased after the introduction of casino gaming during 1992 through 1994, unemployment rates decreased from a high of over 12 percent in 1992 to approximately nine percent in 1994. This lower unemployment rate was maintained in 1995. Casino jobs have been a key factor in the lower unemployment rates.

**Taxes**

Tax revenues increased in Joliet from 1991 through 1995. As shown in *Exhibit IV.7*, a substantial portion of these revenues has been derived from the gaming industry.

*Exhibit IV.7 Joliet Tax Revenues, 1990-1995*

*(in millions)*

*Note: Casinos were introduced between late 1992 and the middle of 1994.*

Sources: Illinois Gaming Board; City of Joliet, Comprehensive Annual Financial Report, 1995; City of Joliet, History of Sales Tax Collections.
Property tax revenues grew in 1992 and 1993. Since then, they have remained relatively constant, although property tax rates for Joliet taxpayers have decreased from a high of $9.70 per $100 of assessed valuation in 1988 to $7.76 per $100 of assessed valuation in 1995.81

To date, total local tax receipts from gaming revenues amount to nearly $112 million. These have been used by the municipality to fund local development programs as shown in Exhibit IV.8.82

![Exhibit IV.8 Allocation Of Gaming Tax Revenues, 1992-1996](image)

|------------------------------------------------------|

The new money for schools has been used in part to keep up with expanding enrollment as the population has increased and has been used to improve the quality of education by funding purchases of new computers, software and lab equipment.83

Gaming tax revenues have also allowed Joliet to improve many of its government services. According to City Manager John Mezera, “new storm and sanitary sewers now run under most of Joliet’s streets.” He was in charge of the public works department in the 1970s and is impressed that streets which used to flood now handle large storms with ease.84

Gaming tax revenues have assisted in improving the city’s financial position. According to Mezera, Joliet’s debt, which had been as high as $50 million in 1987, should be paid off within five years.85 Indeed, Standard and Poors recently raised Joliet’s bond rating, in part due to tax revenues generated by casino gaming, which enabled the city to retire debt earlier.

**Construction**

Since the introduction of gaming, the estimated value of construction activity has increased significantly. The following exhibit summarizes total construction activity in Joliet from 1985 through 1996.

82 City of Joliet, Community Profile, 1997, p. 7.
85 Ibid.
**Exhibit IV.9 Joliet - Total Estimated Value Of Construction, 1985-1996**

(Amounts in millions of dollars)

![Graph showing construction values from 1985 to 1996.]

Note: Casinos were introduced between late 1992 and the middle of 1994.
Source: City of Joliet, Community Profile, 1997, p. 44.

Total construction includes residential, commercial and other construction, such as renovations to existing property. Other construction was particularly high in 1995 and 1996 ($48.6 million and $38.4 million, respectively).

**Commercial Construction**

Although the riverboats were constructed in other areas of the country, the introduction of casinos resulted in the local construction of pavilions, parking and other related land-based structures, including the Empress Hotel which opened in August 1996. **Exhibit IV.10 reflects new commercial construction in Joliet from 1986 to 1996.**

**Exhibit IV.10 New Commercial Construction In Joliet, 1986-1996**

(based on the total dollar value of permits issued; in millions)

![Bar graph showing new commercial construction values from 1986 to 1996.]

Note: Casinos were introduced between late 1992 and the middle of 1994.
Source: City of Joliet, Community Profile, 1997, p. 36.
In the four years after the introduction of casino gaming, 1993 through 1996, new commercial construction of $121 million in Joliet has exceeded that of the four years prior to the introduction of casino gaming, during which period new commercial construction totaled $81 million. New construction in 1995 includes the Joliet Commons Mall (a 300,000 square-foot commercial center) and new hotels (Super 8 and Fairfield Inn, for example). The increase in new commercial construction in 1993 relates to construction by the casinos of land-based, non-gaming facilities.86

Residential Construction

Exhibit IV.11 shows that new residential construction has accelerated in Joliet since the introduction of casino gaming in 1992.

**Exhibit IV.11 New Residential Construction In Joliet, 1986-1996**

(based on the total dollar value of permits issued; in millions)

Note: Casinos were introduced between late 1992 and the middle of 1994.

Housing Market

New single-family housing starts have increased from 375 to 917 for Joliet and 2,320 to 4,335 for Will County in 1991 and 1995, respectively.

Other Indicators

Retail Sales

Exhibit IV.12 shows the trends in retail sales for both the city of Joliet and Will County for the years 1986 to 1995. Retail sales have increased since 1992 in both the city and county.

86 Will County Chamber of Commerce and Center for Economic Development.
**Exhibit IV.12** Retail Sales In Joliet And Will County, 1986-1995

(in billions)

Note: Casinos were introduced between late 1992 and the middle of 1994.

Source: Illinois Department of Revenue.

**Exhibit IV.13** compares the retail sales growth rates in Will County to growth rates in Illinois.

**Exhibit IV.13** Retail Sales Growth In Will County And Illinois, 1986-1995

Note: Casinos were introduced between late 1992 and the middle of 1994.

Source: Illinois Department of Revenue; Illinois Department of Commerce and Community Affairs.

The rates of increase in retail sales in Will County have surpassed those of the state since the introduction of gaming in 1992. This is largely due to the increase of visitors to the area.

According to the Will County Chamber of Commerce, the lower growth rate experienced in the county in 1995 is possibly due to significant construction occurring at the freeway interchange, which services the Louis Joliet Mall, home to approximately 100 stores and with 920,000 square feet of retail space.
**Restaurants**
Restaurant development in Joliet over the past several years includes Boston Market, Itilianni’s, Applebee’s, Steak’n’Shake (two locations), Lone Star Steakhouse, International House Of Pancakes (which occupied an existing, vacant restaurant location), Thayer Brothers (local entrepreneurs, adding to their existing facility), Edo (which occupied a vacant retail space), Cruiser’s, Mia Figlia (which occupied an existing retail location), Subway (which occupied an existing retail location and has also undergone an expansion), Downtown Deli (which occupied an existing retail location) and David’s Ristorante. The non-national chains are run by local entrepreneurs.

According to the Will County Chamber of Commerce, most of the national chains that have located in Joliet opened after the introduction of riverboat gaming and most of the restaurant locations that closed have been re-established by a new operator.

**Auto Sales**
Auto sales (including auto repairs and gas sales) showed significant increases from 1992 through 1995, as illustrated in Exhibit IV.14.

Exhibit IV.14 *Auto Sales In Will County, 1988-1995*  
(in millions)

Due to the method of aggregation used by the Illinois Department of Revenue, the above figures include sales at auto repair shops and gas stations. 87

**Regional Hotel/Motel Performance**
*Exhibit IV.15* highlights that hotel and motel gross room revenues and the number of rooms in the Joliet area have risen every year since 1985, with the exception of 1986.

87 A recent survey performed by Harrah’s showed that the employees of Harrah’s Joliet bought 970 cars in 1996.
The increase in supply of hotel rooms is continuing. The Empress Hotel opened in August 1996, and Harrah’s anticipates opening its own hotel in late 1997 with approximately 300 rooms. By the end of 1996, there were more than 1,500 rooms in Joliet compared to less than 1,000 rooms in 1991.

Occupancy has increased from 47 percent in 1993 to 58 percent in the first four months of 1996. Information relating to occupancy prior to 1993 is not available. Room rates have not fluctuated significantly since 1993, and the yearly average is slightly in excess of $40 per night.

Welfare
Since 1994, there have been consistent decreases in AFDC payments and the number of recipients receiving AFDC benefits. Exhibit IV.16 below indicates Will County annualized monthly average benefit information for the month of June from the years 1986 through 1996 and for February 1997 for Will County.

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88 Will County Chamber of Commerce and Center for Economic Development.
89 Heritage Corridor Convention and Visitors Authority.
Since 1994, there have been consistent decreases in food stamp payments and the number of recipients receiving food stamps benefits. *Exhibit IV.17* below indicates annualized monthly average benefit information for the months of January 1989 through January 1996, and December 1996 for Will County. For purposes of the exhibit, the annualized amounts for each month of January are referred to as amounts for the prior year (i.e. January 1989 annualized is reflected as “1988”).

*Exhibit IV.17 Will County Food Stamp Benefits - Annualized Amounts Paid And Average Number Of Recipients, 1988 – 1996*  
(Dollar amounts in thousands)
Conclusion
The introduction of casino gaming has provided a number of positive economic benefits to Joliet. These benefits include the provision of direct jobs to local people, the payments of significant taxes to the local community from gaming tax receipts and the purchases of goods and services from local businesses. The indirect effects of gaming include increased hotel revenues, hotel construction, reduction of city debt, an improved bond rating and increased funds to revitalize the city’s business and financial profile.
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